

support of Venezuela, to bring large amounts of cocaine into the United States. Those same craft could be used to deliver a weapon of terror.

This administration and the world have to focus not just on Iran but on the dangerous ties between Iran and Venezuela.

Mr. President, with that, I yield the floor. I see my friend and colleague from Tennessee is here to speak.

The PRESIDING OFFICER (Mr. UDALL of New Mexico). The Senator from Tennessee is recognized.

FINANCIAL REGULATORY REFORM

Mr. CORKER. Mr. President, before my time to speak today, there were some comments made by the junior Senator from Delaware, but before getting to that, I did want to mention that I hope very soon the administration will work closely—and I am sure they will because I know they are very understanding of what has happened in Tennessee—with those who are dealing with the obvious disaster underway in our State. We have people who have lost their lives, people who have lost their homes, and people who have lost their life's work. I appreciate so much the work our Governor has underway, and the many mayors, especially the mayor of Nashville but also mayors across our State. I appreciate the response all of them have given in coming to the aid of our citizens there. Again, I know this administration will begin to work very closely with them in that same regard, and I thank them in advance.

But I came to speak specifically today about the comments of my friend from Delaware regarding the fact that because large institutions in this country have a funding advantage over some of the smaller institutions, we ought to break them up.

I certainly have concerns about some of the situations we get ourselves into when a large institution gets into trouble. I don't think that having 100 Senators here on the floor arbitrarily deciding what size a financial institution ought to be or when it should be broken up is necessarily the right approach. What I do think is a better approach—and I think this bill attempts to do this but doesn't quite get it right—is to ensure that if an institution fails, it actually fails; the shareholders of the company know they are going to be out of their entire investment; the creditors know what is going to happen. The bill attempts to do that, and my sense is that Senator SHELBY and Senator DODD are working together—and I think may actually have come to an agreement—on a way to close some of the loopholes that exist in this bill.

What I would suggest to my friend from Delaware is just to support those efforts because I think if that occurs—and my sense is it will, based on the conversations I have had—what will happen very quickly is the credit rat-

ing agencies in this country—and they have already indicated this to be the case, not that they have been stellar, certainly in these last couple of years or the last 4 years—many of them are beginning to look at these large institutions in a different way because they believe we may pass legislation here on the floor that says that if they fail, they actually go out of business. That creates a situation where that moral hazard doesn't exist; where people, in essence, loan money or give credit or invest in these larger institutions at rates that are less than what might be the case for smaller institutions.

The best way we can sort of level the playing field is to ensure that if a big company fails, it fails. Again, I think we are on the verge of getting that solved. There will be many people on my side of the aisle—and by the way, I respect this position very much—who think the only way to do that is through bankruptcy, and they are talking about either an 11(f) section of the code or a section 14 of the Bankruptcy Code, where highly complex financial holding companies would go into bankruptcy if they fail. By the way, I think we should do everything we can to strengthen that.

At the same time, I think—certainly in the interim, anyway—we need a resolution mechanism so that we know that if a large company fails, we have a mechanism to liquidate it. It may be that you need both tools. Maybe you let the resolution provision sunset after the bankruptcy laws are completed and fixed in such a way that it works for a large, highly complex bank holding company.

But, again, what I would say to my friend, the Senator from Delaware, is—and I certainly love his passion on this issue—the best way we can get that level playing field is to ensure these large institutions fail when they fail, and that will change that funding level he is talking about. As a matter of fact, we are given regulators in this bill, if it passes in its form right now.

I sure hope we make lots of changes because I cannot support the bill as it is today. But the bill actually addresses capital levels. As institutions become larger and more risky, additional capital requirements are required, which automatically drives up the cost of funding. There is a section Senator WARNER and I worked on called contingent capital, where the regulators can actually cause these institutions to have contingent capital, where if a creditor has loaned money to an institution and this institution gets in trouble, that turns to equity, so it is a buffer. Again, I think the cost of that is going to be more expensive than most credit that would be given to an institution such as this.

So, again, I think the best way to deal with organizations that are large in this country is to deal with the many tools that exist in this bill that need to be improved, no doubt, and hopefully, over the course of the next 2

weeks, will be improved. But that is a much better solution than just arbitrarily having 100 Senators saying: Well, if you are X part of our GDP, you have to be taken down to size.

I wish to reiterate, as I did last week on the floor, that our country has by far the largest gross domestic product in the world. We dwarf everybody. Yet we have no banks in the top 5 in the world; we have 2 banks in the top 15. So I am not sure that as we work on globalization and as we hope to ship goods and deal with people around the world, that our best solution is to handicap the ability of our companies that work in that way and create great jobs in this country shipping goods across the world. I am not sure it is in our best interest to look at arbitrarily deciding what size a financial holding company should be.

Mr. President, I appreciate being able to speak to this issue. I do hope over the course of the next couple of weeks that we can make significant changes in the consumer title. I am hearing from people all across the State of Tennessee—ordinary citizens who wake up daily and who do things that are outside the financial sphere, at least they believe they are—who are very concerned about the reach of our consumer protection agency as it is outlined in this bill; the fact that it is unfettered, that there is no board in any way to control it, the fact that there is no Federal preemption, the fact that there will be 50 State attorneys general now dealing with our national banks, the fact that this consumer entity has the ability to be involved in underwriting loans. You can imagine some of the problems that have occurred through CRA recently. Think about this: It would be CRA on steroids.

So those are some issues I do think we need to address in this bill and I hope we will address in this bill. And I hope we will realize that this country has an overexpansive government that reaches out unnecessarily into their lives.

In closing, again, I applaud the efforts the Senator from Connecticut and the Senator from Alabama have underway to fix this resolution title in such a way that we all know that if a firm fails, it is going to go out of business. I think that will adequately address the concerns the junior Senator from Delaware brought up earlier about these big firms, in some cases, having funding advantages. I think once the public understands these firms can go out of business, just like any other entity, that will change. I think we are already seeing that through early indications with credit rating agencies and others that are looking at these entities.

Mr. President, I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.